

Presentation by:

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# Economic Outlook



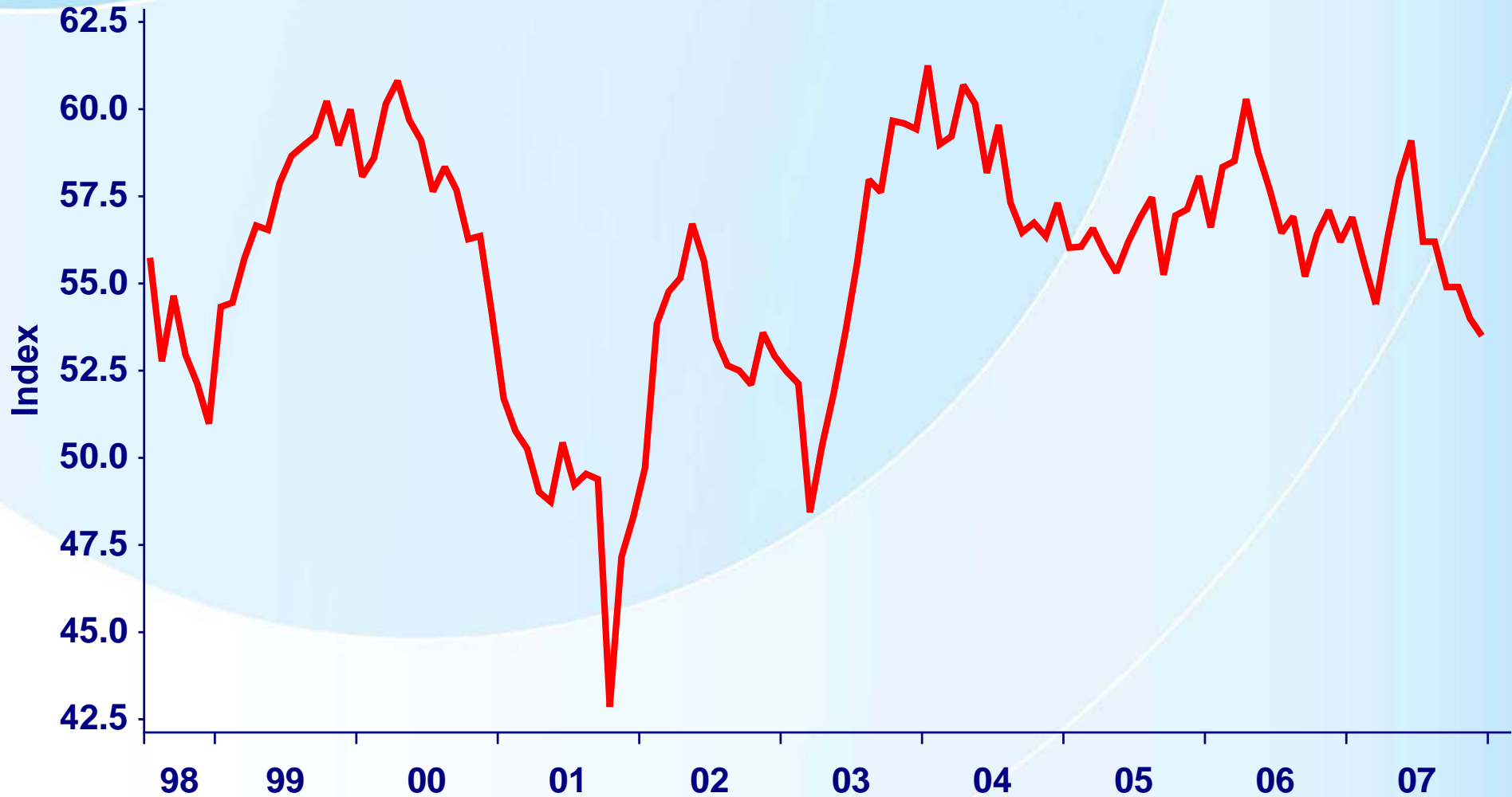
# The Future According To...?

- US economic collapse
- The demise of the Dollar
- From bubbles to bust
- The Celtic ~~Tiger~~ Tenant
- Inflation once again...

The end of the world... again

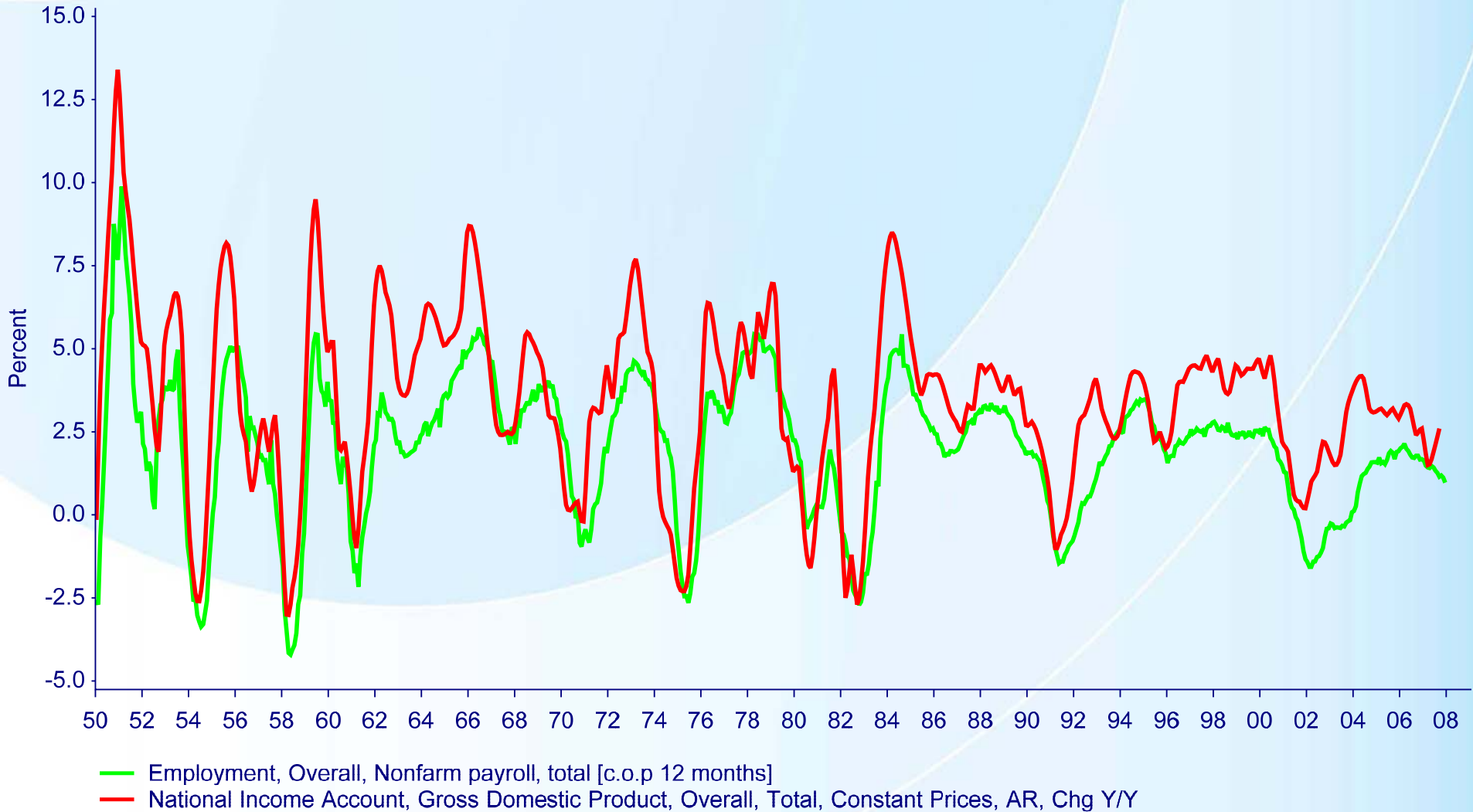
# The World Turns

World, Business Surveys, PMI, Composite, Output, SA

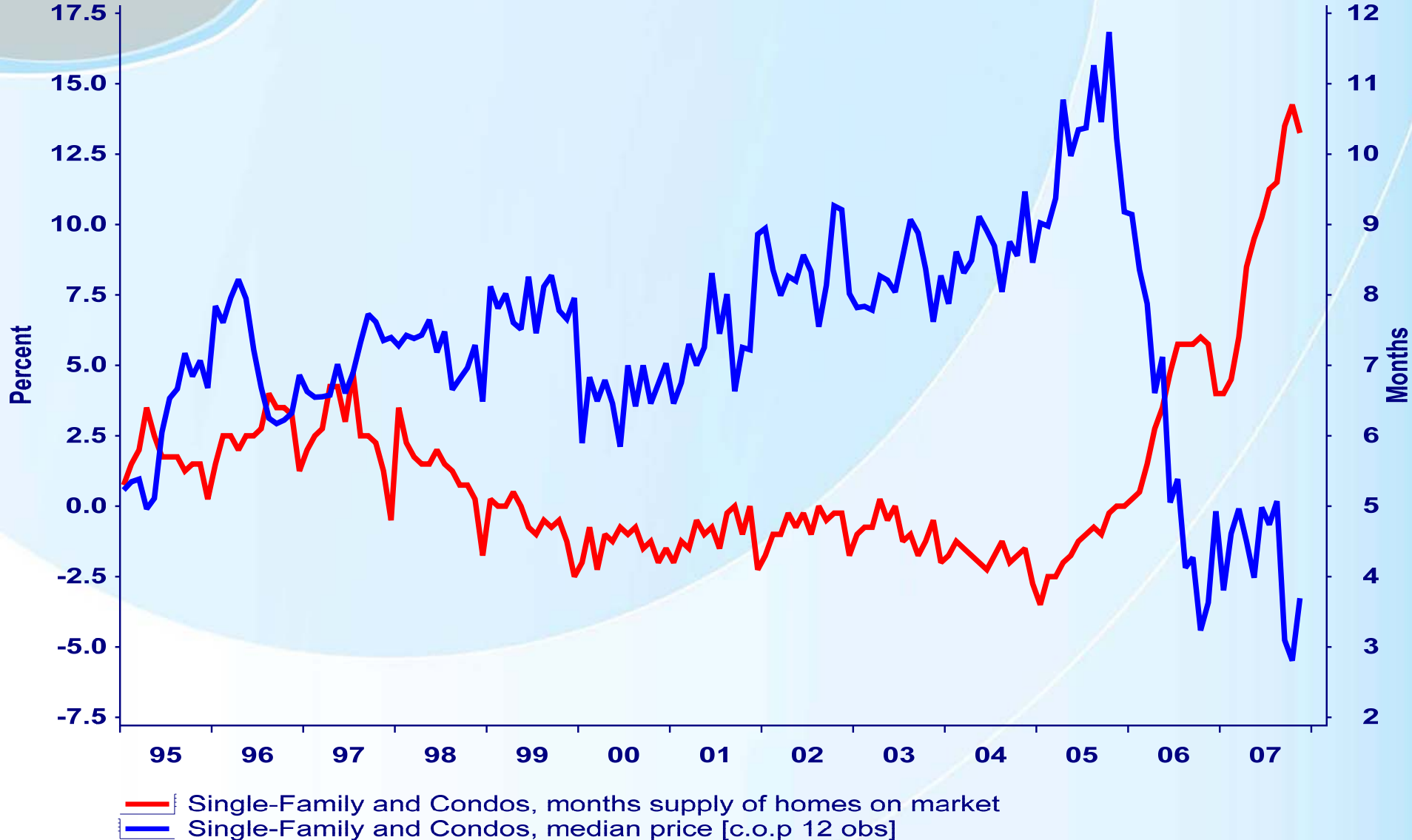


# How Bad Can It Be?

United States, SA

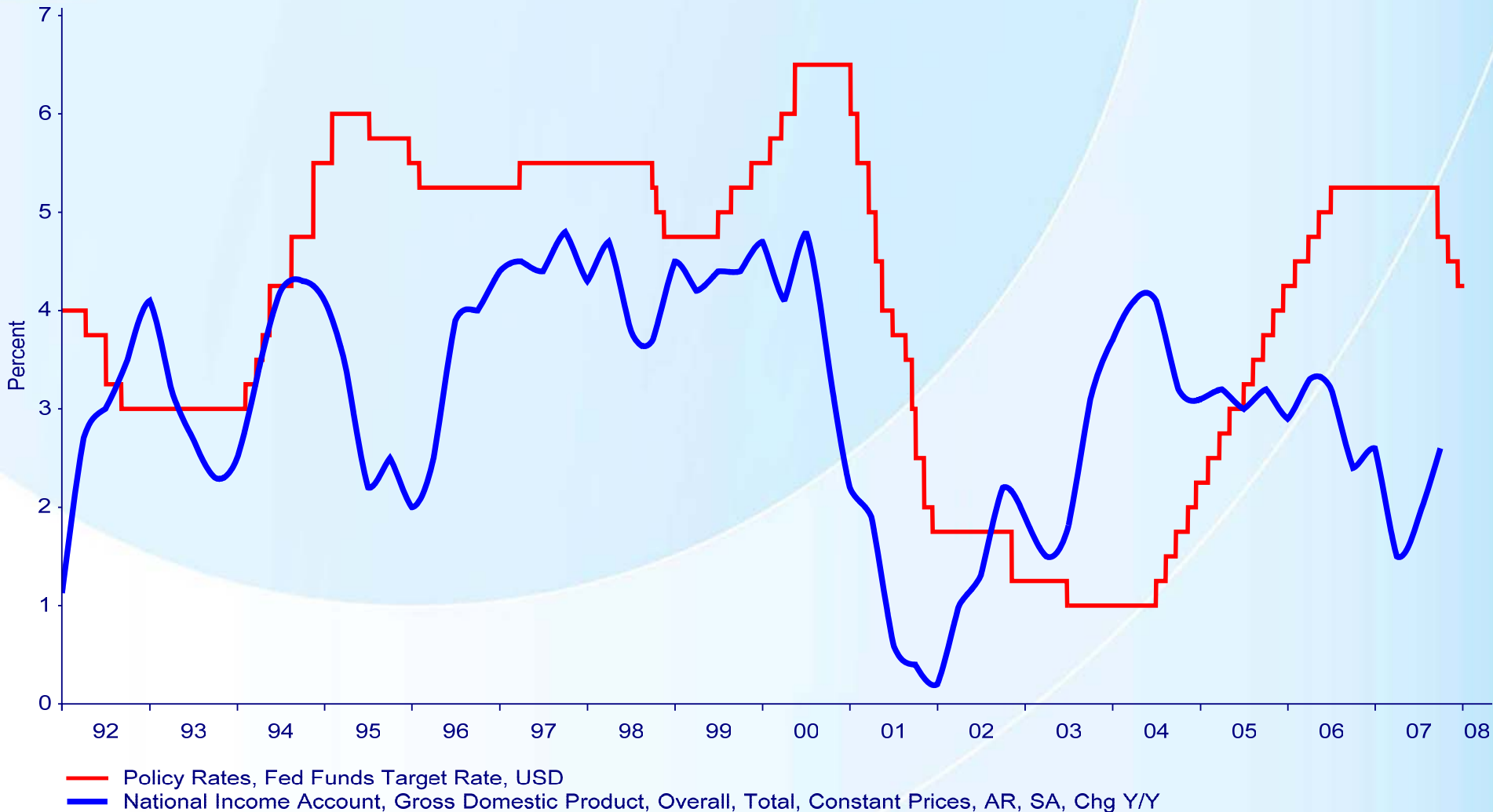


# Housing Adjustment has some way to run



# A Moral or a Macro Hazard?

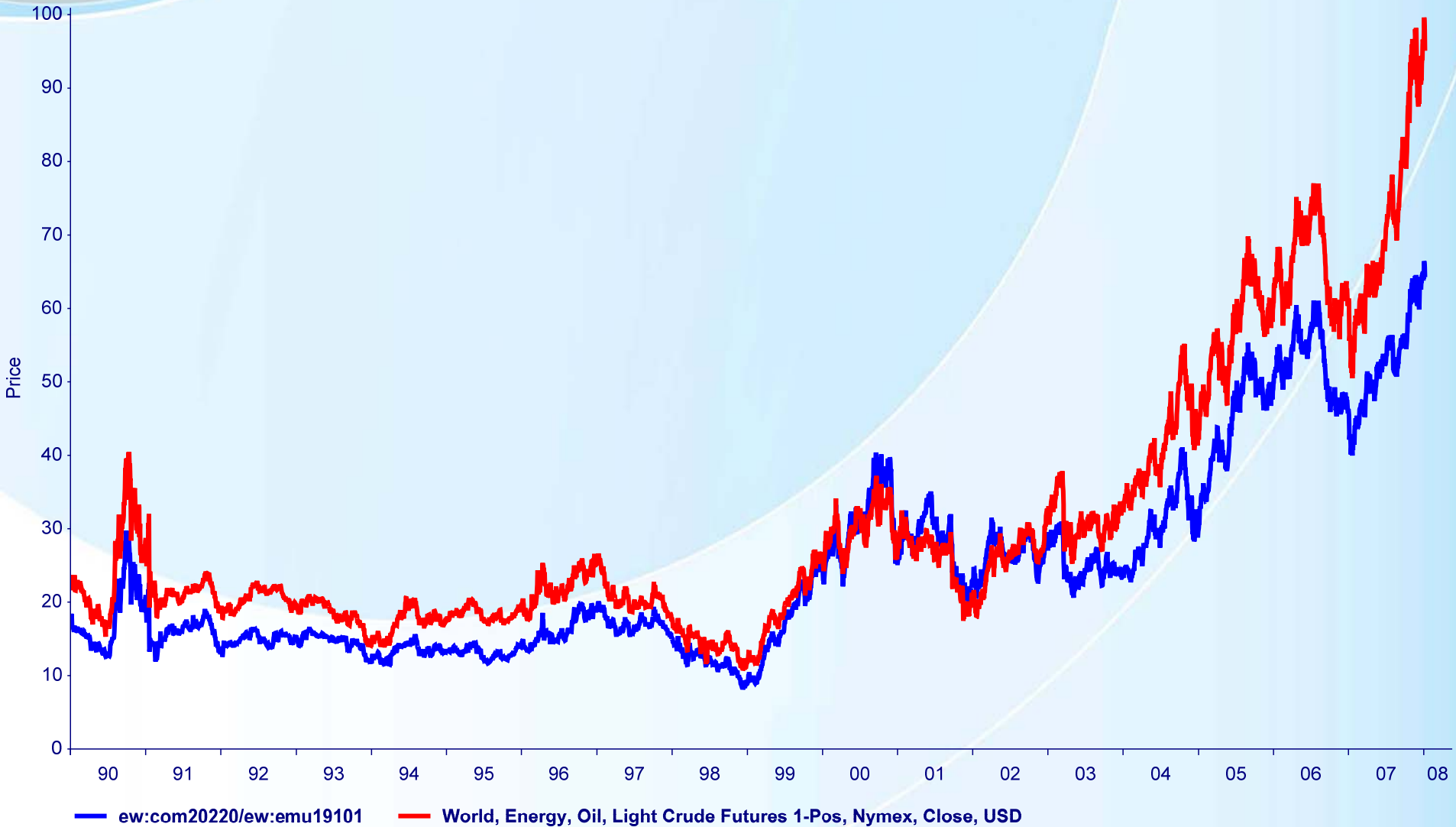
United States



# The Demise of the Dollar and the ascent of the Euro

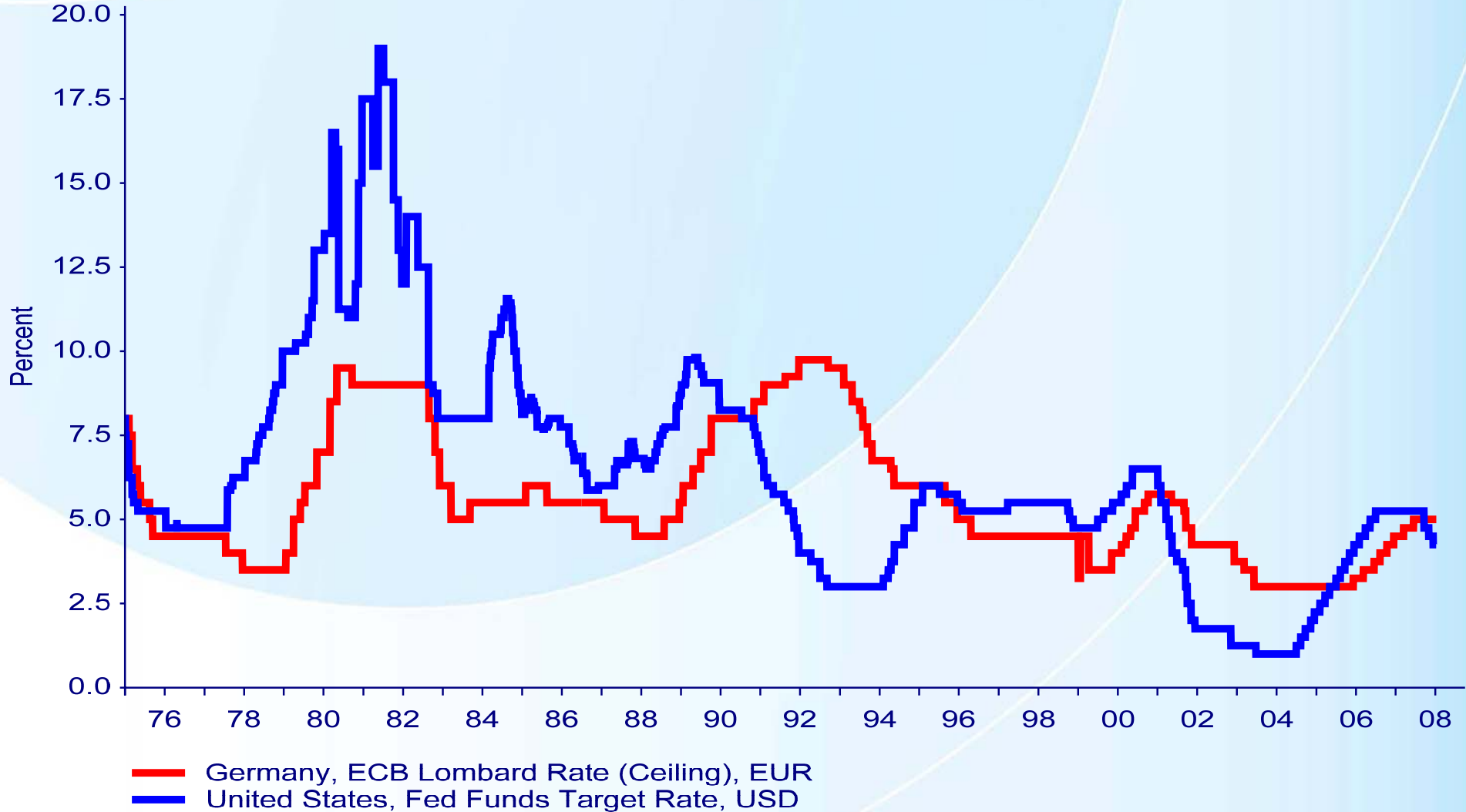


# A New and Nervous Order



# Oceans Apart

## Policy Rates

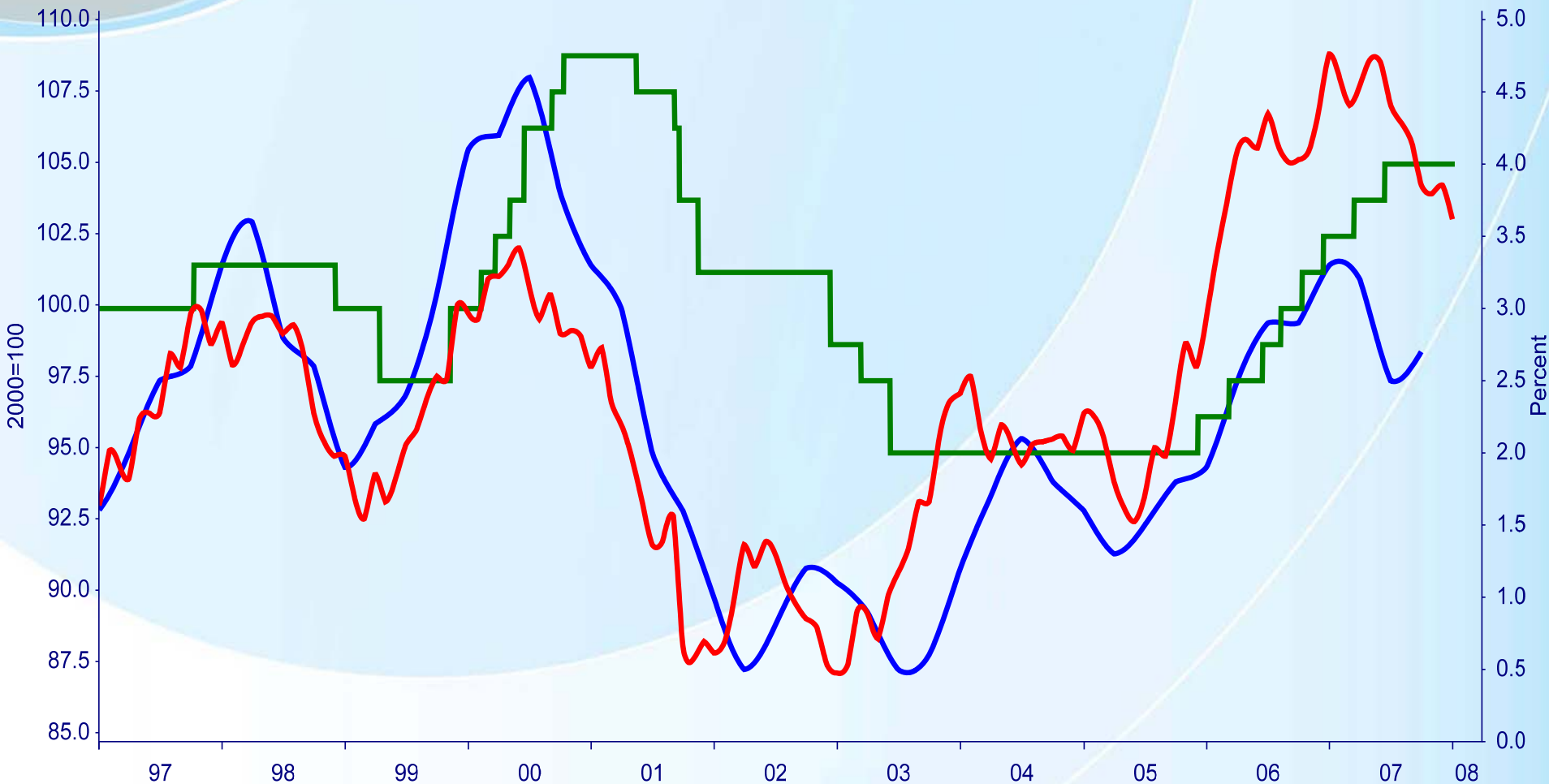


# What Does the ECB Fear?

Eurostat, Euro Zone, Chg Y/Y

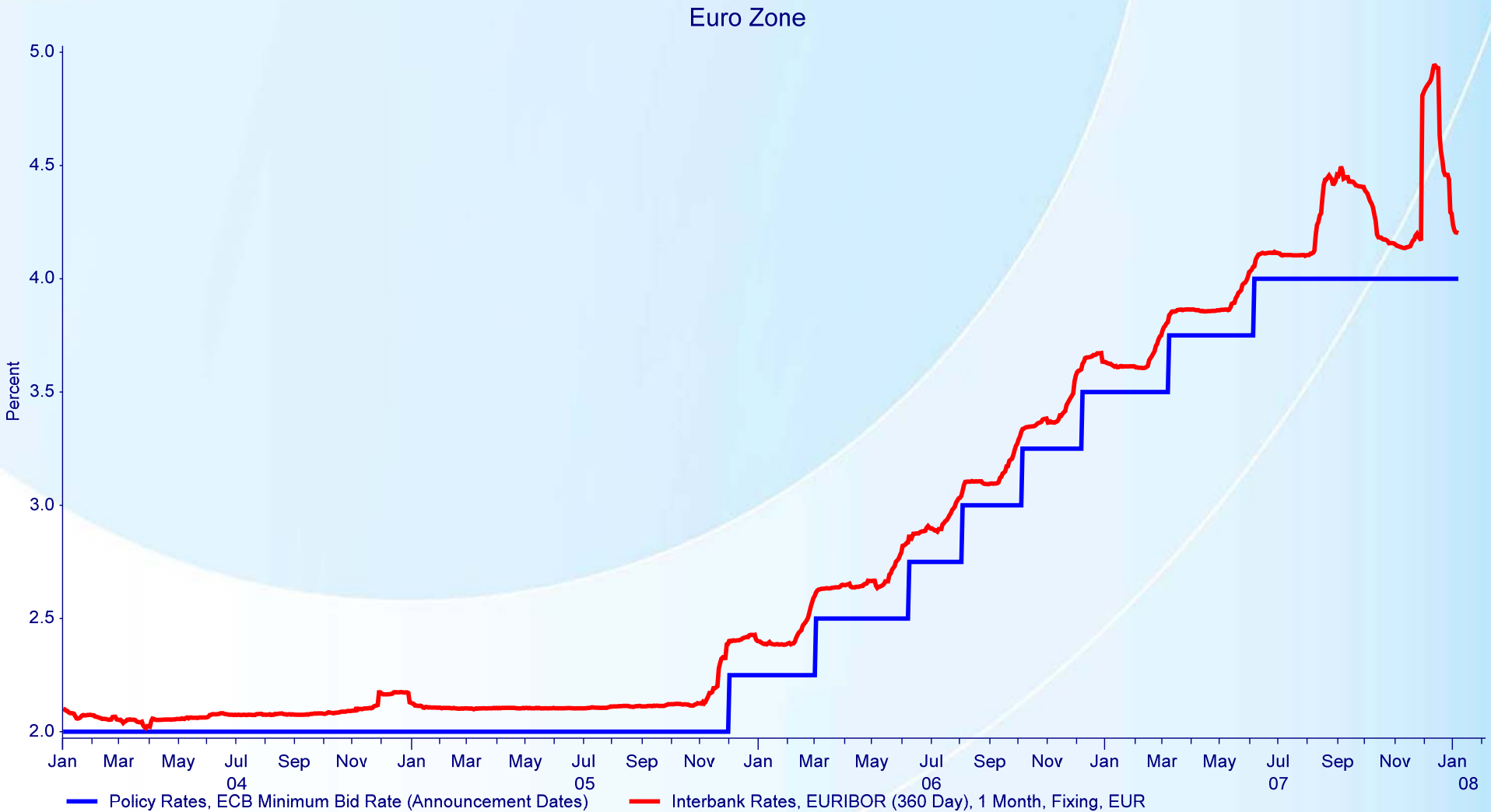


# Topping Out



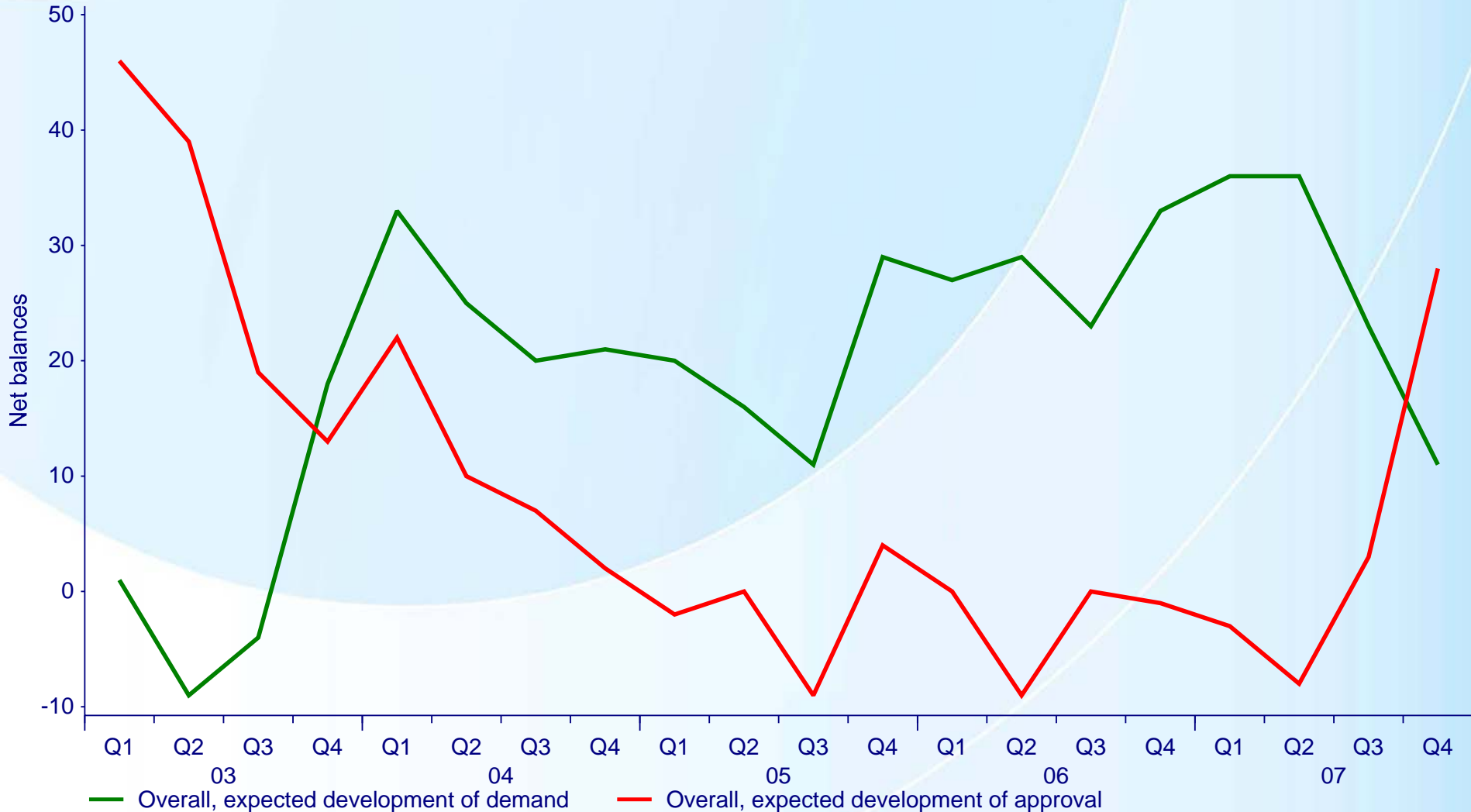
- Eurostat, Euro Zone, Expenditure Approach, Gross Domestic Product, Total at market prices, Constant Prices, SA, Chg Y/Y
- Germany, Policy Rates, ECB Minimum Bid Rate, EUR
- IFO, Germany, Business Surveys, Business climate index, business sector (main IFO index), SA, Index

# The Crunch



# Slower Demand and Tighter Supply Point to Weaker Activity

Euro Zone, Business Surveys, The Euro Area Bank Lending Survey, Loans or Credit Lines to Enterprises



# Be careful what you wish for

United Kingdom, Constant Prices, SA, Index



# The Market Giveth and the Market...

Price Return, Close

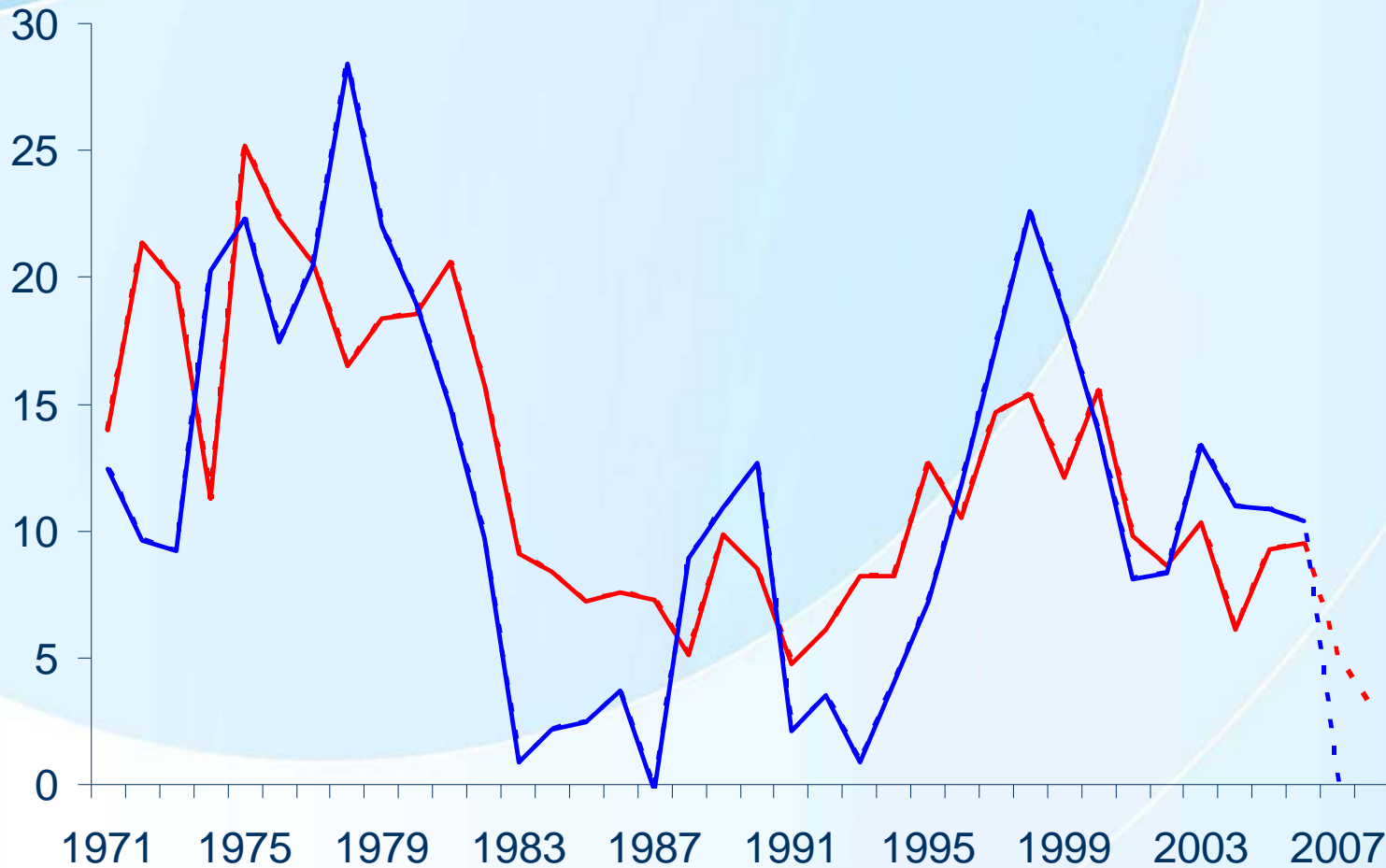


# Will Spending Sink Like Sentiment?

Ireland, Index



# A Steadier Housing Market in a Still Healthy Economy

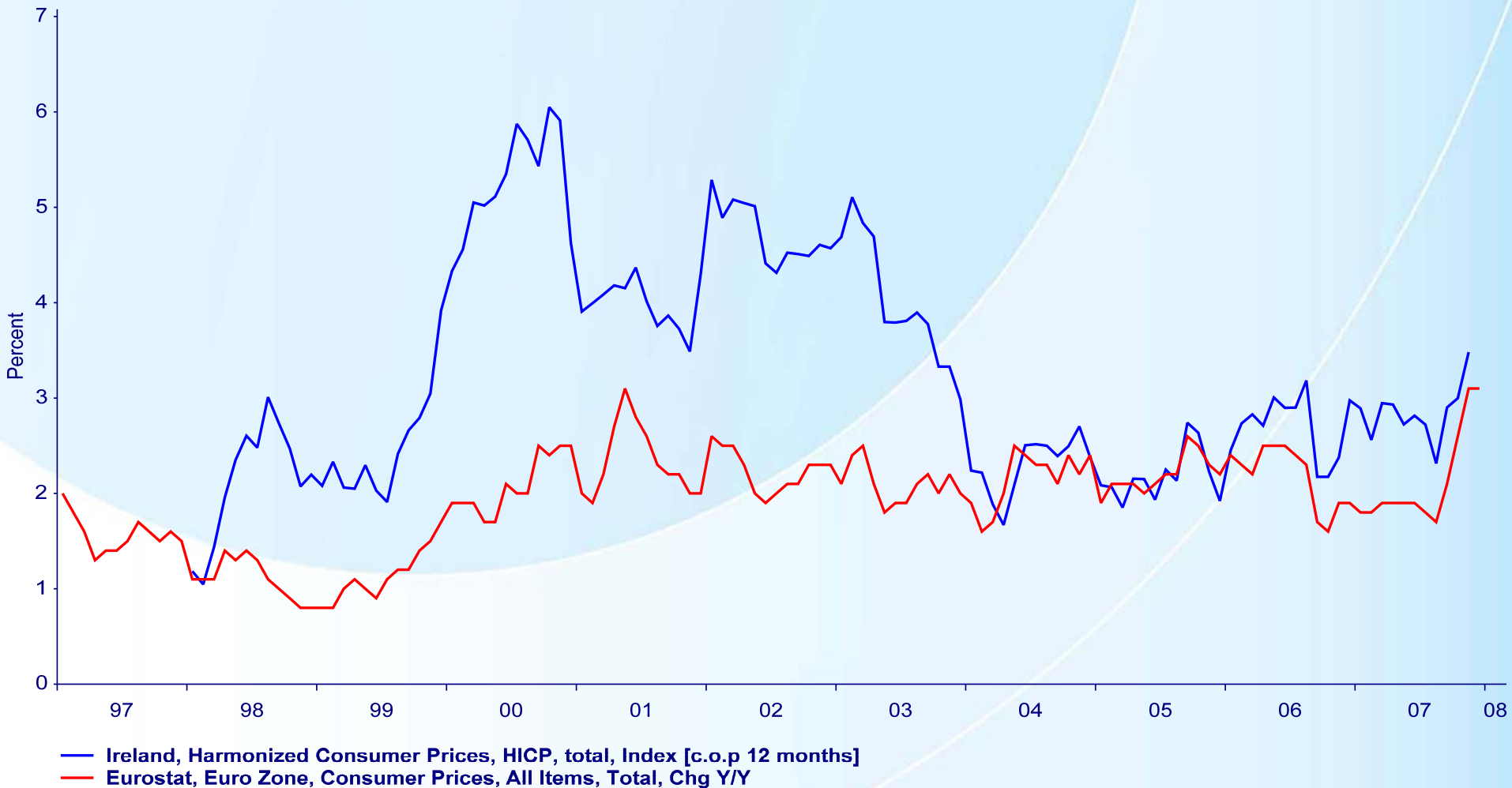


- - - GNP Forecast  
 — GNP % Change Y/Y  
 - - - Avg House Forecast  
 — Avg House % Change Y/Y

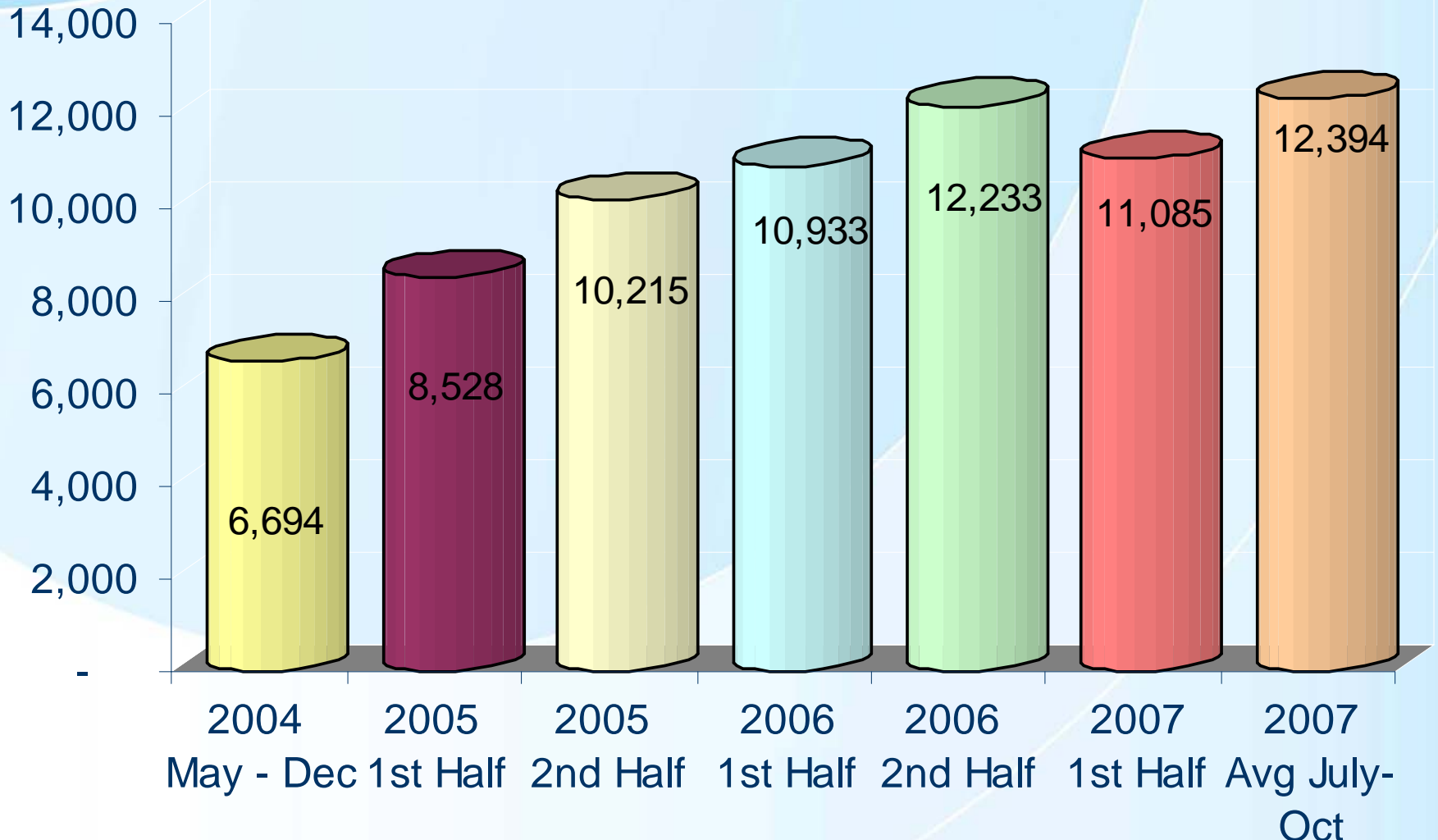
# Will Weaker Housing Bring Down the Irish Economy?



# Inflation Gap Smaller Than Before

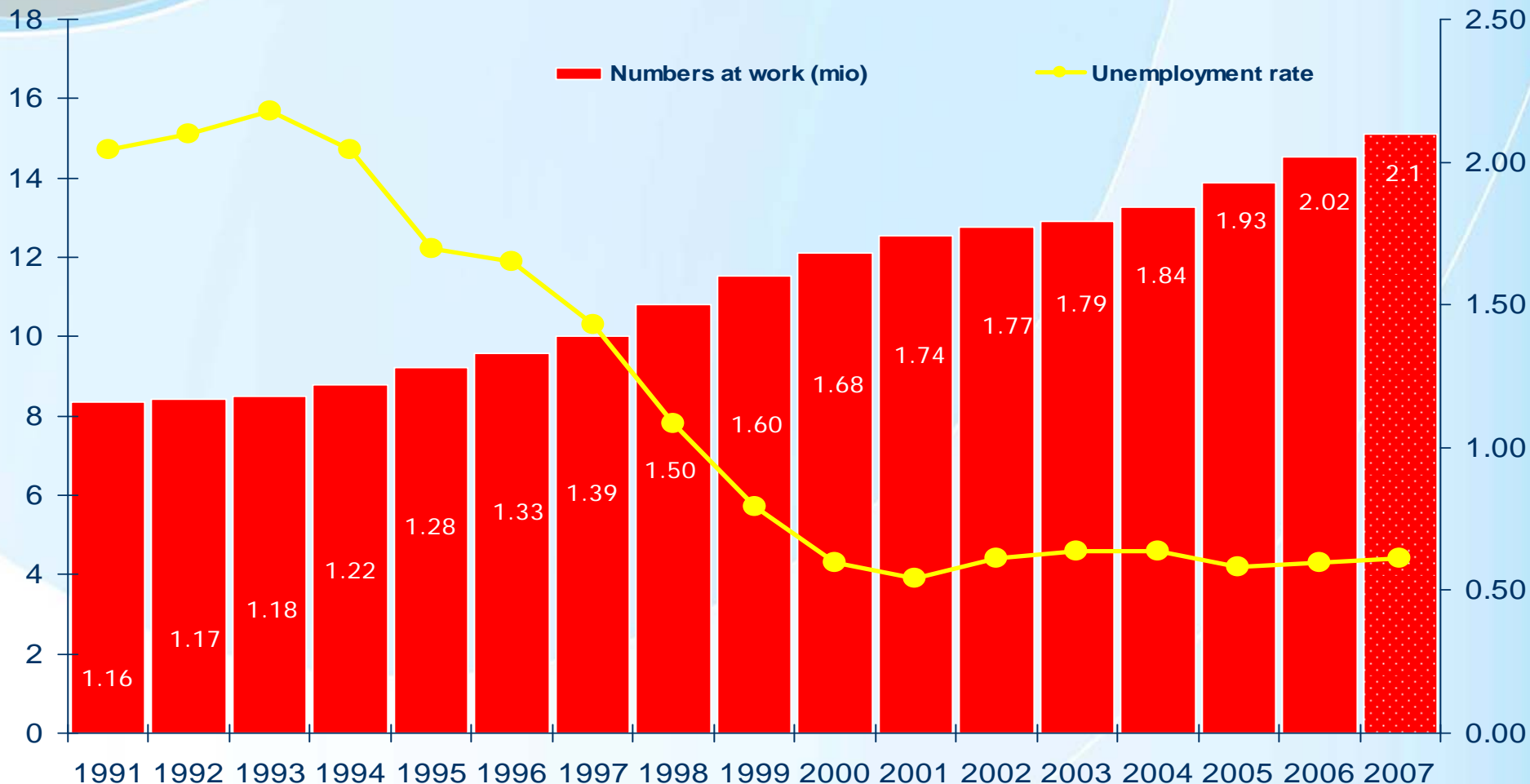



# Are We Still Underestimating Migration?



**Average monthly PPS applications from EU accession states**

# Effective full employment but workforce still growing



 This implies that the Irish economy is now adding further to the substantial job gains of the boom period. With an unemployment rate close to 4 per cent the economy is close to full employment but greater numbers of women joining the workforce, together with population growth and migration could deliver in the region of 50,000 new jobs a year.

# Summary

- A softer outlook but not a slump
- Crunch will restrain investment
- Confidence holds the key
- Borrowing costs no longer as threatening
- Budget 2008 helps... a little
- Fundamentals still supportive but not a focus at present